

THE SPECULATIVE ELEMENT IN THE VALUE OF LAND

Sir Edgar Harper's article in the *Contemporary Review* of May with title as above, is now available in pamphlet form published by the English League, price 1d. It discusses the objections alleged at the Liberal Land Conference at the Kingsway Hall in London last year against rating agricultural land on its unimproved value; and in particular deals with an article Mr Ramsay Muir wrote to the same review in defence of these objections.

Sir Edgar goes to the root of the question by considering what he names as the most important of the cases where the speculative element enters into the unimproved value of land. We quote the following paragraphs:—

Surveyors call it "land ripening for building." Such land is used for agricultural and other purposes for many years after it has become evident that it will ultimately become building land. . . . The singular phenomenon of long delay in the transition from agricultural to building use is due entirely to our bad rating system, which rates improvements up to the hilt, but lets unused land (and unused buildings also) go free. It also differentiates between agricultural land and all other land, and this fact plays a part in producing the long delay in the development of land for building. While land continues to be used agriculturally it is only rated on that basis. But the charge is very limited and the greater part of the rates on agricultural property is now borne by State funds. Immediately such land is built on, it will be assessed on its full value as building land plus the value of the buildings; and the occupier has to bear the whole of the rates so calculated. . . . On the one hand the exemption of unoccupied property from rates is an encouragement to owners to leave land vacant, while on the other hand the assessment to full rates on the aggregate value of occupied land and buildings furnishes a strong deterrent to the enterprising builder. . . . The devotion of land to a less profitable use than it is fit for (or leaving it altogether unused) for such lengthy periods is a very serious loss to the community. And the consequent raising of the rent-level of houses is probably the worst evil of all; for it is not confined to new houses built on the fringe of a town. The long and needless delay in bringing land into building use of course increases competition for existing houses, and so the rent-level is raised all round. Little wonder that the housing problem is so acute.

Following this examination Sir Edgar shows what the effect would be of levying rates on the value of land apart from improvements, and his concluding words are: "It is impossible to eliminate speculative value, either from prices or valuations, until all land which has a value is rated or taxed according to that value. If such a rate or tax is limited to urban areas, nothing can prevent the growth of speculative values outside them."